

# Teacher Lesson Plan

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Theme 2: Taxes in U.S. History  
Lesson 2: Early Tax Issues

## Time Frame

One to four class periods

## Curriculum Area(s)

- History/Social Studies
- Civics/Government
- Economics
- Technology

## Purpose

To help students understand how some historical events were inspired by tax issues and how tax issues shaped some of the government's actions and policies in the past

## Objectives

Students will be able to

- explain the importance of the Whiskey Tax of 1791 and the Protective Tariff of 1832.
- describe the impact of the two tax-related events on the history of the nation.

## Materials

### *Online*

[Student Lesson—Early Tax Issues](#)

[Activity 1: The Impact of the Whiskey Tax and the Tariff of 1832](#)

[Activity 2: The Whiskey Tax of 1791 and the Tariff of 1832](#)

[Activity 3: Timeline of U.S. Tariffs between 1816–1860](#)

[Activity 4: Tax Facts Crossword](#)

[Assessment—Early Tax Issues](#)

[Assessment Solutions—Early Tax Issues](#)

### *Print (PDF)*

[Teacher Lesson Plan](#)

[Info Sheet 1—Timeline of Events 1791–1833](#)

[Info Sheet 2—Taxes and Nullification: A Compromise](#)

[Info Sheet 3—Excerpts from the South Carolina Ordinance of Nullification](#)

[Info Sheet 4—Excerpts from President Jackson's Nullification Proclamation](#)

[Worksheet—The Whiskey Tax of 1791 and the Tariff of 1832](#)

[Worksheet Solutions—The Whiskey Tax of 1791 and the Tariff of 1832](#)

[Assessment—Early Tax Issues](#)

[Assessment Solutions—Early Tax Issues](#)

[Complete Lesson Pack](#)

### **Web Links**

History of Taxation <http://www.tax.org/museum/1816-1860.htm>

South Carolina Nullification Ordinance

<http://www.yale.edu/lawweb/avalon/states/sc/ordnull.htm>

President Jackson's Nullification Proclamation

<http://www.yale.edu/lawweb/avalon/presiden/proclamations/jack01.htm>

IRS Tax Interactive <http://www.irs.gov/taxi>

### **Background**

In the early years of the United States, lawmakers worked to enact effective and fair taxes that would both generate revenue and protect domestic industries. The Whiskey Tax of 1791 and the Tariff of 1832 were especially important in shaping the course of the nation.

#### ***The Whiskey Tax***

In 1791, Congress placed an **excise tax** on the sale of whiskey. The tax—ranging from 7 to 18 cents per gallon—was a direct tax on the people who made and sold whiskey. The tax was intended to help shift **resources** from individuals to national programs, such as building roads and post offices, and supporting a western defense.

Farmers in western Pennsylvania felt threatened by the tax, and many refused to pay it. To them, whiskey was not an industry but a currency. They exchanged whiskey as if it were money because actual money was often scarce. Some farmers called for the abolishment of the tax because they believed it was imposed unfairly on people in only one part of the country. Others thought of themselves as patriots for refusing to pay taxes, in the same way that the American colonists had refused to pay tariffs to England.

In 1794, hundreds of farmers staged a violent uprising, the Whiskey Rebellion, to protest the tax. President Washington took steps to stop the rebellion. He and 13,000 militia members from the Eastern states marched into western Pennsylvania. At Washington's show of force, most rebels retreated, and the rebellion's main supporters were arrested and tried for treason. Washington later pardoned these protestors.

The Whiskey Rebellion was the first test of the federal government's constitutional power to tax. Some criticized Washington for sending troops to face American citizens, but his actions enforced the federal government's authority. Washington made the point that the Constitution is the law of the land and must be obeyed.

#### ***The Tariff of 1832***

By 1832, **revenue tariffs** accounted for 89 percent of government income. However, some tariffs were not levied for revenue but to protect American **infant industries** such as the textile industry. After the War of 1812, Americans bought a large amount of British goods, particularly textiles, because they were cheaper than American-made goods. This meant that American industries sold fewer goods.

The Tariff of 1832 was a **protective tariff** designed to make British goods more expensive. This benefited American industries in the North but hurt the economy in the South. Because Americans bought fewer English goods, the English textile industry could not buy as much cotton from the South. Without the income from selling cotton to England, Southern farmers could not afford to buy needed imported goods. Southern incomes decreased and the cost of living increased because of the tariff.

By 1832, Southern states were so angered that they threatened to nullify the tariff. **Nullification** would mean that the states rejected the federal law. South Carolina threatened to leave the Union if the federal government tried to enforce the tariff. President Andrew Jackson declared that nullification was incompatible with the idea of the Union and that he considered it treason. In 1833, nullification ended when South Carolina accepted the Compromise Tariff.

### Key Terms

**excise tax**—A tax on the sale or use of specific products or transactions.

**infant industry**—A new or developing domestic industry whose costs of production are higher than those of established firms in the same industry in other countries.

**nullification**—A state's refusal to recognize or obey a federal law.

**protective tariff**—A tax levied on imported goods with the purpose of reducing domestic consumption of foreign-produced goods.

**resources**—Factors needed to produce goods and services (natural, human, and capital goods).

**revenue tariff**—A tax on imported goods levied primarily to generate revenue for the federal government.

### Opening the Lesson

Discuss with students how they think taxes might impact American businesses and government. Distribute Info Sheet 1—Timeline of Events 1791–1833. Present key information from the background section above.

### Developing the Lesson

Ask students what they would do if they thought a particular tax law was unfair to them, their families, or their neighbors. Explain that when the United States was a new nation, its citizens tended to think of themselves in terms of the states or regions in which they lived, rather than as Americans. People from a particular state or region also tended to work at the same kinds of jobs, such as industries in the North and agriculture in the South. Ask students to think about the difficulties lawmakers must face in creating taxes that both generate income and are fair to the different regions and industries in the country.

### ***Online Activities***

Direct students to [Student Lesson—Early Tax Issues](#). Have students complete one or more of the following activities.

[Activity 1: The Impact of the Whiskey Tax and the Tariff of 1832](#)—Who was affected by the tax on whiskey in 1791 and the Tariff of 1832? Match the events and groups involved to the appropriate region of the country.

[Activity 2: The Whiskey Tax of 1791 and the Tariff of 1832](#)—Identify the causes and effects of these early taxes.

[Activity 3: Timeline of U.S. Tariffs between 1816–1860](#)—Discover more about U.S. tariffs enforced between 1816 and 1860.

[Activity 4: Tax Facts Crossword](#)—Use the clues to solve this tax crossword.

### ***Print Activity***

Print [Worksheet—The Whiskey Tax of 1791 and the Tariff of 1832](#) and distribute it to students.

[Worksheet Solutions—The Whiskey Tax of 1791 and the Tariff of 1832](#)

### ***Classroom Activity***

Have students read and compare the facts behind the arguments for and against taxes and nullification from senators from each region of the nation in 1832 stated on [Info Sheet 2—Taxes and Nullification: A Compromise](#). Then have them briefly summarize the arguments and voice their own opinions.

As an alternative, print [Info Sheet 3—Excerpts from the South Carolina Ordinance of Nullification](#) and [Info Sheet 4—Excerpts from President Jackson’s Nullification Proclamation](#). Have students summarize each document. Challenge them to debate the two positions. If time permits, visit the following Web sites: [South Carolina Nullification Ordinance](#) and [President Jackson’s Nullification Proclamation](#).

### **Concluding the Lesson**

Have students comment on how the Whiskey Tax and the Tariff of 1832 changed American history. To review, discuss the events surrounding the Whiskey Rebellion and the Tariff of 1832. Ask them to write a diary entry from the point of view of one of the “whiskey rebels.”

### ***Online Assessment***

Direct students to complete [Assessment—Early Tax Issues](#) for this lesson.

[Assessment Solutions—Early Tax Issues](#)

### ***Print Assessment***

Print [Assessment—Early Tax Issues](#) and have students complete it on paper.

[Assessment Solutions—Early Tax Issues](#)

### ***Links***

See [Theme 6, Lesson 1](#) for more information on the history of taxes.

See [Theme 5, Lesson 1](#) for more information on excise taxes.